

**IN THE INCOME TAX APPELLATE TRIBUNAL
"K (SMC)" BENCH, MUMBAI**

**SHRI RAHUL CHAUDHARY, JUDICIAL MEMBER
SHRI BIJAYANANDA PRUSETH, ACCOUNTANT MEMBER**

**ITA No.8537/MUM/2025
(Assessment Year:2014-2015)**

**Shri Bhagwan Agarwal
(Legal Heir of Sunita Agarwal)**

31 Sainara 17, Cuffe Parade, Colaba,
Mumbai – 400005. Maharashtra.

[PAN: ADPPA1887R]

..... **Appellant**
Vs

**Income Tax Officer Ward 26(2)(1),
Mumbai**

Room No.234, 2nd Floor, Kautilya Bhavan,
BKC, Mumbai - 400051. Maharashtra.

..... **Respondent**

Appearance

For the Appellant/Assessee : Ms. Dinkle Hariya &
Ms. Sruti Kalyanikar

For the Respondent/Department : Shri Bhagirath Ramawat

Date

Conclusion of hearing : 18.02.2026

Pronouncement of order : 26.02.2026

ORDER

Per Rahul Chaudhary, Judicial Member:

1. The present appeal preferred by the Assessee is directed against the Order, dated 17/10/2025, passed by the National Faceless Appeal Centre (NFAC), Delhi [hereinafter referred to as 'the **CIT(A)**'] whereby the Ld.CIT(A) had dismissed the appeal against the Assessment Order, dated 24/05/2023, passed under Section 147 read with Section 144 read with Section 144B of the Income Tax Act, 1961 [hereinafter referred to as 'the **Act**'] for the Assessment Year 2014-2015.
2. The relevant facts in brief are that in the case of Assessee reassessment proceedings were initiated for the Assessment Year

2014-2015. On receiving information from the Investigation Wing to the effect that Assessee had benefited from client code modification transactions. During the assessment proceedings the Assessing Officer noted that the details pertaining to trades undertaken by the Assessee on National Spot Exchange (NSEL) did not reconcile with the data/information received from NSEL. The Assessing Officer tabulated the discrepancies as under:

Sl. No.	Commodity	BUY/SELL	Traded Quantity	Trade Value of Modified client code submitted by NSEL	Trade Value submitted by the Assessee	Difference
1	Palmolien	BUY	1	5,18,000/-	10,89,440/-	53,400/-
2	Palmolien	BUY	1	5,18,000/-		
3	Wool	BUY	2	7,23,600/-	7,24,745/-	1,145/-
4	Cotton Oil	BUY	8	25,21,200/-	26,51,251/-	1,30,051/-
5	Paddy	BUY	1	4,32,300/-	22,72,997/-	1,11,497/-
6	Paddy	BUY	1	4,32,300/		
7	Paddy	BUY	1	4,32,300/		
8	Paddy	BUY	1	4,32,300/		
9	Paddy	BUY	1	4,32,300/		
	TOTAL			64,42,300/-	67,38,433/-	2,96,133/-

3. According to the Assessing Officer the Assessee had failed to provide suitable explanation and supporting documents in relations to difference of INR.2,96,133/-. Therefore, the Assessing Officer made an addition of the said amount in the hands of the Assessee invoking provisions contained in Section 69C of the Act.
4. In appeal preferred by the Assessee on this issue the Learned CIT(A) confirmed the additions holding as under:

"6.4. Findings:-

I have carefully considered the assessment order, the grounds of appeal, and the submissions made by the appellant. The primary issue for determination is whether the difference of Rs.2,96,133/- between the NSEL trade value and the trade value shown by the appellant represents unexplained expenditure u/s 69C of the Act or genuine business expenditure such as brokerage and taxes.

The information received from the DDIT (Inv.) and the SFIO

report clearly establishes large-scale misuse of client code modifications across multiple brokers and clients to manipulate profits and losses. In the appellant's case, nine such modifications were carried out by M/s Anand Rathi Commodities Ltd. involving a total transaction value of Rs.64,42,300/-. The investigation and analysis conducted by the Investigation Wing revealed that all four numerals of the client codes were altered, indicating deliberate modification and not clerical errors.

The appellant has not produced any credible or verifiable documentary evidence to substantiate that the difference of Rs.2,96,133/- is purely on account of VAT, brokerage, or other ancillary charges. The mere submission of self-prepared statements or unverified broker bills, without corroboration from independent third-party records or the exchange data, cannot be accepted as conclusive proof. Further, the explanation offered by the appellant does not reconcile the precise difference of Rs.2,96,133/- with corresponding tax invoices or payment vouchers. In absence of proper reconciliation, the explanation remains unsubstantiated. Therefore, the AO's action of treating the said difference as unexplained expenditure u/s 69C of the Act is justified. The addition has been made based on concrete information received from the Investigation Wing, supported by exchange data and detailed analysis. The appellant has failed to rebut the findings with any cogent evidence."

5. Being aggrieved the Assessee is now preferred appeal before Tribunal.
6. The solitary issue on merits arising in the present appeal pertains to addition of INR.2,96,133/- made by the Assessing Officer under Section 69C of the Act that was sustained by the Learned CIT(A).
7. The Learned Authorized Representative for the Assessee submitted that the Learned CIT(A) had dismissed the appeal preferred by the Assessee observing that the Assessee has not produced any credible

or verifiable documentary evidence to substantiate that the difference of INR.2,96,133/- was purely on account of VAT, brokerage, or other ancillary charges without appreciating that no separate invoices were raised by the broker in respect of the said charges and the same were specifically included in the contract notes issued by the broker to the Assessee which were furnished by the Assessee before the Assessing Officer and the CIT(A).

8. Per Contra, the Learned Departmental Representative placed reliance upon the order passed by the Assessing Officer and the Learned CIT(A).
9. We have considered the rival submissions and have perused the material on record (including the contract notes issued by the broker).
10. We find merit in the submissions advanced by the Assessee. In our view the Learned CIT(A) failed to appreciate that though the broker had issued contract notes to the Assessee in respect of the trades undertaken at NSEL which included brokerage charges, Delivery Charges, VAT Charges, Transaction Charges, Service Tax and Stamp Duty & Other Charges. The aforesaid charges were in addition to the transaction value. Since the data/information furnished by the NSEL did not contain details of the aforesaid charges/duties charged by the broker in addition to the transaction value, there was bound to be a difference. This difference of INR.2,96,133/- was duly explained and corroborated by the Assessee by placing reliance on contract notes issued by the broker. In view of the aforesaid, we find the reasoning given by the Assessing Officer to make the addition and the Learned CIT(A) to confirm the addition does not hold good and is rejected. Accordingly, we delete the addition INR.2,96,133/- made by the Assessing Officer under Section 69C of the Act. Thus, Ground No. 4 to 4.2 raised by the Assessee are allowed. Since Assessee has been granted relief on the merits, all the other grounds raised by the

Assessee are dismissed having been rendered infructuous.

11. In terms of paragraph 10 above, the present appeal preferred by the Assessee is partly allowed.

Order pronounced on 26.02.2026.

Sd/-
(Bijayananda Pruseth)
Accountant Member

Sd/-
(Rahul Chaudhary)
Judicial Member

मुंबई Mumbai; दिनांक Dated :26.02.2026
Milan, LDC

आदेश की प्रतिलिपि अग्रेषित / Copy of the Order forwarded to :

1. अपीलार्थी / The Appellant
2. प्रत्यर्थी / The Respondent.
3. आयकर आयुक्त/ The CIT
4. प्रधान आयकर आयुक्त / Pr.CIT
5. विभागीय प्रतिनिधि , आयकर अपीलीय अधिकरण , मुंबई / DR,
ITAT, Mumbai
6. गार्ड फाईल / Guard file.

आदेशानुसार/ BY ORDER,

सत्यापित प्रति //True Copy//

उप/सहायक पंजीकार / (Dy./Asstt. Registrar)
आयकर अपीलीय अधिकरण, मुंबई / ITAT, Mumbai